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Fabian Tract No. 196.

THE ROOT OF LABOUR UNREST:

AN ADDRESS TO
EMPLOYERS AND MANAGERS.*

BY

SIDNEY WEBB.

* An Address to a representative private gathering of Employers, Managers and Foremen in 1919; reproduced as delivered with bibliographical footnotes added. Reference may be made to *The Works Manager To-day*, by the lecturer (Longmans: 7s. 6d. net).

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THE FABIAN SOCIETY

25, TOTHILL STREET, WESTMINSTER, LONDON, S.W.1.

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(Adopted May 23rd, 1919.)

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THE ROOT OF LABOUR UNREST

By SIDNEY WEBB.

The subject that I have been asked to speak upon is capable of more than one meaning. What I propose to do is to endeavour to convey to those here what I think is at the bottom of the mind of the workman. I am not going necessarily to justify, or even to adopt as my own, everything that I shall say, nor can I pretend that what I shall say will be found anywhere, either in the printed documents of any labour organisation, or, for that matter, in the speech of any workman. The workman, like many of us, is an inarticulate person, and you will not discover all that he is thinking from any programme to which he may give his assent. You will not even discover what he is thinking from anything you can get out of him in a brief interview. I am going to try and describe to you the ideas which he is scarcely conscious of himself, but which seem to me to lie at the bottom of the present industrial unrest. I am here as an interpreter to you of something which I think to be the real explanation, or the fundamental cause, of the phenomenon that we commonly speak of as labour unrest. Of course, this "new spirit" in industry is not, in one sense, really new. I have had occasion, when my wife and I were writing the "History of Trade Unionism,"* to try and trace the underlying motives and causes of industrial combination and industrial revolt for the last two hundred and fifty years, and the spirit which I am going to describe to you is to be detected a very long way back. It is thus very far from being merely a result of the war. What is new is its extent, I might even say its universality. It has spread more suddenly and rapidly in a year or two than any of us believed possible. Secondly, if I may say it without offence, another new element in the situation is the recognition by employers and managers that there is such a thing as this spirit. The unrest was there a hundred years ago, but it was ignored, denied, and refused any recognition. It has now forced itself upon the minds of the employers, because they, too, have experienced a certain change of heart. They have spontaneously recognised the existence of this spirit, and its unprecedented growth has coincided with their discovery of it. I need hardly say what I am talking about is not a demand for

* *The History of Trade Unionism*, by S. and B. Webb, new edition, enlarged and extended to 1920. (Longmans: 21s. net.)

higher wages. That is as old as history itself. There is nothing surprising in the demand for a rise in wages on one ground or another, and at present the demand is based on firm ground, not only on the continual rise in the cost of living, but also on the relatively considerable amount of the employers' profits in practically every industry whatsoever. At no time in the history of the British Empire have the aggregate profits of industry been so large as at the present time, so far as can be ascertained from the very imperfect statistics available. Whether you meet the demand of the workmen by saying that the rise in the cost of living is not quite so great as they represent it to be, or by telling them that your industry cannot afford the rise, you have a particularly weak case. And, as an actual fact, the rise is usually granted almost as soon as it is demanded. But, of course, there have often been general rises in wages before, from the 14th century onwards.

Nor is there anything new in the demand for shorter hours. That claim, too, has long been with us, and the normal working day has gone down from twelve hours—if there was any normal day at all 150 years ago—to ten, nine and eight hours. Now, employers and moralists pretend to be shocked if anyone proposes a day of six hours; and yet there is no sanctity about any one of these numbers. There is no more reason *a priori* why men should sell their labour for ten hours a day than for eight, or for eight hours than for six. Each particular generation of employers clings desperately to some accustomed standard, but there is no finality.* I am quite sure myself that the work of the world, and all the present production, if properly arranged, could easily be done in much less than eight hours a day. We could get all that is required by very much shorter hours of labour than are at present worked. Incidentally, it might mean that every healthy adult (as Ruskin long ago suggested) would have to work—a terrible consummation, no doubt, for certain people. When we hear of it in Russia, we think the end of the world has come.

Putting it briefly, the most pressing claim of the workman at the present time is, as Lord Robert Cecil quite rightly observed, for partnership in industry. Unfortunately, Lord Robert Cecil, who can hardly be expected to know very much about it, assumed that partnership meant profit-sharing. Let me warn you straight away that profit-sharing is looked on by the workman as either a fraud or a futility. It is not infrequently a fraud, and always a futility. I cannot stop to prove that, but I am expressing the workman's point of view, and any attempt to smooth over labour unrest by proposals for profit-sharing stamps the man who makes them as an ignoramus. He has not taken the trouble to learn by experience, or even to theorise on the basis of what has happened. Naturally, I do not mean to imply that profit-sharing is always meant as a fraud: that, of course, is not the case. But we are bound to realise that, in all profit-sharing schemes, the

* The economic argument for prescribed hours of labour, as well as for a shorter working day, will be found in *Industrial Democracy*, chap. vi., "The Normal Day," by S. and B. Webb, edition of 1920. (Longmans: 21s. net.)

employer secures for himself a preferential claim to a fixed interest on capital, the amount of which is either not defined in advance, or is defined arbitrarily by the employer himself. The capital of a firm is often a purely imaginary figure, and you can put on as many noughts as you please. The workman is invited to agree to an arrangement by which, as a first charge, a fixed rate of interest shall be paid upon an amount of capital which he has had no share in defining and no means of verifying, and over which he has no power of control. Moreover, the proceeds are always subject to the prior deduction of sums for reserves and depreciation, and also for the salaries of the partners, or of the directors and managers, over the scale of which the workman is not allowed any control. Then, after all these deductions have been made, if there is anything over, the workman gets, in successful years, five or six per cent. addition to his wages. If he is getting £2 a week, under a successful profit-sharing scheme he may receive something like 2s. a week more in his share of the profits. This is nothing like good enough. Of course, any Trade Unionist would ask : " How do I know that I am not foregoing much more than 2s. a week on my standard rate ? Have I any security that the 2s. is a real addition at all ? "

PROFIT-SHARING REJECTED.

Suppose a workman invited to agree to a profit-sharing scheme was prudent enough to ask a solicitor : " Am I justified in going into this sort of partnership ? " If the solicitor gave the advice which he would give to a capitalist inquiring about a partnership, he would point out to the workman that he was putting himself entirely into the employer's hands, and pledging himself to accept the latter's estimates blindfold. In short, the solicitor would advise him to reject the proposal entirely.*

What the workman is asking for at present is a more genuine partnership. He does not want part ownership of the capital, except as a member of the community in a sense which I will afterwards explain. He does not want a share in the profits, because he does not think that profits (as distinguished from the wages of management) ought to exist. But he wants to be admitted on equal terms as a partner in the management and direction of the concern. What he objects to is the autocracy, the arbitrary power, to which he is asked to submit. Mr. Galsworthy, in one of his novels, describes the dwellers of a country house as people who got up when they liked, had what they liked for breakfast and lunch, did precisely what they liked during the day, and, when they liked, went to rest again. Then he describes an agricultural labourer, who had to get up at a certain time and go to work that he did not like, because he was ordered to do so ; he lived in a cottage that he did not like and his whole life was spent in an inevitable routine ; he was removed, when ill, to a workhouse that he did not like, and eventually died—to the last, under compulsion. Galsworthy's point is that

* See Fabian Tract No. 170 : *Profit-Sharing a Fraud and a Failure?* by E. R. Pease. (Fabian Society : price 1d.)

we have one class passing its whole existence in giving orders, and another class passing its whole existence in receiving them.

The workman objects to being placed perpetually in the second category. It is not the unjust distribution of the wealth of the world that, at the moment, he has in mind, but the unjust distribution of the world's power, in this sense of personal autocracy. That is the explanation of something that will seem to employers extremely unfair. They all understand the objection to slavery—and they look upon it as human degradation, degrading to the slave-owner as well as to the slave. Yet they find that the existing system of industry is called wage slavery! But let them try to realise the point of view of the workman whose destiny is to pass his whole life in obeying another human being. He is bound to feel himself a slave. That is why profit-sharing strikes him as futile, if it is not worse. That is why, I am sorry to say, he resents a great deal of philanthropy. I am using the word "philanthropy" as a shorthand expression to cover many schemes, such as welfare, good housing, etc. The minor reforms which a kindly employer wishes to carry out are seldom received with gratitude, and they do not allay labour unrest. But if you recall my analysis, you will see the reason of this. It is the power of the employer which the workman resents, and his philanthropy, of course, is a manifestation of his power. The fact that it is exerted on the workman's behalf does not placate him.

"LIBERTY, EQUALITY, FRATERNITY."

I have sometimes thought that the three words which we still see on public buildings in France—Liberty, Equality, Fraternity—are profoundly significant in their order. The French Revolution did not achieve those ideals, although it attempted to do so, but the important point is the order in which the three ideals are presented to us. Liberty, Equality—and when we have these,—Fraternity. Now, it is clear that if we attempt to begin with Fraternity, the prescription will not be so healing as if we adopted the original sequence. I suggest that we cannot have a genuine fraternity without equality, nor any genuine equality without liberty. Therefore, I think we must try to begin with liberty and equality.

This is a hard saying for the good employer, or the considerate manager, or the well-mannered foreman. It seems to them that equality and liberty are inconsistent with the present organisation of industry, and the present capitalist system, and they may be, on that account, all the more eager to be brotherly to the workers. They sincerely think this possible—that is, the man in a superior position thinks it possible to be brotherly to an industrial inferior. I like him for thinking so, but I am afraid that as a rule we shall only achieve a very thin kind of brotherliness on those lines. Let us assume that we secure for everybody adequate wages, short hours of work, consideration, welfare and the like. After all, that only amounts to treating the workman as though he were a horse. The wise owner of a number

of horses will see to it that they are adequately fed and decently housed and have properly limited hours of labour. He will treat them with consideration. As a matter of fact, very often, he has looked after them much better than he did after his men. He recognised that it paid him to do so ; and he is only now coming to realise that it pays him equally well to take care of the human workers. But that is not the point. To-day, men are not content to be treated as well as horses. They want something different. The solution cannot be put on a "fodder basis," as Mr. Bevin said the other day. At the present moment unfortunately, there are still hundreds of thousands of workmen who are not treated as well as horses, in spite of the rise of wages. They are not getting the short hours of work, the shelter, or the subsistence which well-kept horses receive. But even if they were, labour unrest would remain. What the workers resent is their virtual exclusion from the circle of—shall I say, human beings ? They do not under-value the advantages of good material conditions, but they want to go much further.

THE BAD MANNERS OF EMPLOYERS.

Let me emphasise a point at which we obviously fail—the manners of management. They are still, it seems to me, pretty bad. Before the war, I remember a young workman telling me what made his blood boil with anger. It was not that he only got a certain wage, or had to work so many hours. It was the foreman's habit of going round in the afternoon and saying : " You stop to-night,"—to certain men by way of telling them they had to work overtime. This young man knew that there must be overtime in certain emergencies, but he rebelled against the imperative order that he should remain when he had done the work that he contracted for. He might have a W.E.A. class, or some other engagement, but it did not matter. The foreman treated him as a horse.

This is one example of the habitual manners of management—and it is difficult to drive into the mind of the ordinary employer that it is "bad form," thus to claim to be entitled to exceed his contract. A workman regards the agreement into which he enters with the employer as pledging him to do a definite quantum of service. It is a defective form of agreement, of course ; it is ambiguous, ragged at the edges, and open to misconception. Still, the worker regards it as binding on him only within certain fixed limits of time and speed and exertion. But the employer imagines that he has bought the whole time and energy of the workman, and that his claim upon him can be indefinitely extended beyond normal working hours, the normal pace, or the normal intensity of effort, without so much as a " by your leave." It is the view of the slave-owner.

Now, into that kind of one-sided agreement the workman does not enter. He never consciously sells himself in that way ; he merely engages to render a certain amount of service, nor would he consider that he was behaving disloyally if he refused to work overtime, or in

some other way failed to promote the employer's business interests, with which he has, under the contract of service, absolutely no concern. We must get rid of that difference of view between the two parties to the so-called contract—which really was never a contract at all because the parties were not agreed—and so long as we cling to the capitalistic system we shall certainly have to adopt the workman's standpoint. In future there must be some reciprocal and mutual engagement, in which one party buys and the other sells, certain definite, clear-cut services with a precisely fixed quantum.

To come back to my rebellious young friend, who objected to being told to work overtime. The foreman, of course, was obviously wrong. Instead of saying, "You stop to-night," he should have said, "Would it be convenient for you to stop to-night?" What a difference that would have made! Or he could have explained to the whole workshop that it was extremely important to get a certain job done, and that six or ten men were needed, and asked who could stop most conveniently to themselves. I do not know that I am particularly polite, but I always speak like that to my parlour-maid; and why should not foremen speak in the same way to workmen? They lose no authority by it. The officers who had most command over their men in the late war were those who treated them in a considerate way. To put it briefly, I plead for an enormous improvement in the manners of management, and I cannot believe that it is not possible to run a factory in a spirit of genuine partnership and mutual consideration. When I once expressed an opinion on military matters, a certain Major-General replied to me—"I cannot make an army in that way." I was rude enough to say, "I know *you* can't, but someone else might do it." Now, if you think what I am saying impracticable, ask yourself whether the real obstacle does not lie in our own conventional modes of thought. Someone else may find it practicable.

EQUALITY OF STATUS.

There is another thing. Even to treat the workman with the utmost consideration is not to solve the problem. What he is asking for is equality of status in industry. Now, is that quite impossible? Status is very largely a matter of social distinction. Is there any reason why we should habitually think of the capitalist owner of the factory as belonging to one social class, and the workman in the factory as belonging to another? Such social distinctions sting very much, and I do not think they are necessary. Of course, we can never make people equal, or identical, in capacity or in attainments, or even in refinement. But these innate or characteristic differences generally cut right across our differences of social status. Certainly they afford no warrant for ordinary class distinctions. Why does an employer or a foreman habitually address a workman by his surname "Jones"? He would be very much surprised, except in the old-fashioned days in Lancashire, if the workman addressed him in that way. Washington was seen taking off his hat to a negro, and when asked why he did so,

he said, "I do not want the negro to be more polite than I am." There are really no good manners without reciprocity and equality. There are in England what used to be called the line officer's manners, which meant a grovelling servility to those who were considered superiors, and insolence to those who were considered inferiors. A gentleman never measures his manners. He is equally courteous to everybody.

Consider, too, the horrible dirt, roughness and lack of amenity with which many workmen are surrounded. Even the office clerk is made far more comfortable than the ordinary manual worker—I say nothing of the directors' Board Room. But true consideration and the ideal of equality would lead us to give workmen surroundings as pleasant as those of the clerks, while the clerks were treated as well as the directors. I have heard of one factory in which, when a workman calls to ask for a job, he does not go to the works gates, but is shown into a properly furnished room and given a courteous reception, just as if he had been a customer come to give an order. How is it that we don't feel it imperative on us to treat manual workers courteously, if we are gentlemen? Perhaps we are not. Perhaps there are no gentlemen in industry, in which case the first thing for employers to do is to become gentlemen. We ought to show to everyone the consideration which we regard as due to ourselves. Don't under-rate the need for politeness. It is like an air-cushion; there may be nothing in it, but it eases the jolts considerably.

CIVILISATION IN THE FACTORY.

I venture to prophesy that, at no distant date, every factory will have (as the Zeiss works at Jena already have) an adequate installation of hot baths, a complete set of secure lockers for a suit of clothes and private dressing-rooms, so that every workman will leave the premises at the end of the day fit to enter his wife's parlour. If you think this extraordinary, remember that it is what any educated employer expects in his own ease. Do we really mean to refuse to our workmen the civilised amenities that we claim for ourselves?

But more is needed than to supplement good material conditions by courteous treatment. What the miners, for example, resent at the present time is the fact that a toll is levied on their industry by people who are contributing nothing to its value. They do not object to the high salaries of the manager or the active employer, or to their large share of the profits. Their objection is to the idle shareholder, or royalty owner, or landlord who is regularly drawing a tribute from the enterprise. This is, of course, good orthodox economics on the part of the miners. The functionless shareholder or landlord was receiving, every year before the war—roughly speaking, about a quarter of the entire produce of the country.* He is probably receiving more to-day, because the financial result of the war has been to augment the

* See for the relevant statistics, giving authorities, Fabian Tract No. 5, *Facts for Socialists*, revised down to 1915. (Fabian Society: price 2d.)

share of the functionless shareholder at the expense of the portion of those who do fulfil some definite function in industry. This is, I need hardly say, an injustice against which the worker furiously rebels. I am sometimes amused by the naïve gentlemen who write to the "Times" or the "Morning Post" periodically, to ask why we do not start an organisation to teach the working men political economy? The workmen are often far better instructed in political economy than the people who write to the "Times," and speaking generally, than the average man in the employing class. The workmen, in the course of the past generation, have learned their economics, whilst the employing classes, as a whole, have despised the economist. We shall arrive at no ultimate settlement until we take account of that fact. Take this question of the exactation of a tribute. Speaking to people who are interested in business rather than in land-owning, I think I may win my way to your acquiescence if I point to the ease of the landlord. It is always better to dwell on some other case than our own. The workman cannot see that the landlord has either created the land or created its enormous increment of value. We pay about twenty million pounds a year in London for the bare privilege of building houses, and squatting on the marshy ground by the Thames, a work in which the landlords have given us no help. It is easy to see that something is wrong with regard to the landlord, but not so easy to see it in regard to the functionless shareholders, to which class we all, more or less belong. They flatter themselves that they contribute the capital, on which, of course, we are dependent for keeping our business going. Without investigating that point too closely, let us assume that the capital of a particular business has been furnished by the shareholders, who have thereby rendered a service for which some payment may be made. But no one ventures to suggest that the amount which the shareholder gets to-day has any relation to the sum that it is necessary to offer in order to induce the saving of sufficient capital. How unnecessarily great it is we cannot compute, but even the most orthodox economists have given up asserting that it is no more than sufficient to evoke the necessary saving. To pay a tribute of interest for ever and ever because a useful service was once rendered is like paying a perpetual pension all down the ages to the heirs of someone who once told you which was the road to London.

So far I have been endeavouring to portray to you what is in the workman's mind. He intends to alter the present state of things, and he intends as a rule, to use democracy as his instrument. He understands by democracy something very different from what the ordinary employer in this country or in America understands by it. You will very often be told that this is a democratic country, and it will be pointed out to you, by way of proof, that a large number of employers and managers were originally workmen, and that men may rise from the ranks. But democracy means more than opportunity, more even than equality of opportunity. It means that no control over others shall be exercised by individuals, but only by the community. Our notion of political democracy is not that it shall be open to anybody

to become Prime Minister, but that the Prime Minister shall express and execute, not his own will, but the will of the people. Therefore, when the workman proposes to apply democracy to industry, he does not mean that he wants an equal chance to become a millionaire. To use an historic phrase, he wants that which concerns all to be decided by all. Now, nothing concerns the workers more than the way they get their livelihood, and this must therefore be decided democratically. But, whilst it is a difficult business to apply democracy to polities, it is still more difficult to apply it to industry.* We have hardly yet begun to think about the matter, and our suggestions are very crude. We have a long road to go, and it will be travelled gradually. Yet, if we adapt ourselves, as employers, managers, and foremen, more and more to this old constitutional ideal of democracy, we shall be putting ourselves in tune with the universe, and pulling with the stream instead of against it.

THE FUTURE OF INDUSTRY.

I do not want to leave you in any uncertainty, so I will put the matter in a more concrete way. It is, in my judgment, quite inevitable that individual ownership of industry and the means of production shall, in the main, and gradually, give place to collective ownership. The latter will take a great many forms. There will be certain great nationalised industries and services. In a few years it will be a commonplace for canals and railways to be run, not for the shareholders, nominally by orders of the shareholders, but for the benefit of the whole community by the will of the whole community. The same thing will happen with such essentially national services as coal-mining. Many other services by which we live will be organised and controlled by our local government, while, as for the great mass of commodities which we consume, they will obviously come within the sphere of the consumers' co-operative movement, which already operates far more successfully than any capitalistic enterprise that I ever heard of. It is now supplying nearly two hundred million pounds' worth of goods annually, and has a membership of one-third of the families in the Kingdom. It undertakes every kind of business, and is actually manufacturing something like fifty million pounds' worth of goods a year. In all this we eliminate the functionless shareholder and the landlord, but we do not get rid of management; and in this connection the workman is still very much at sea. As I have often tried to explain, even with the most complete democracy, and the utmost equality, management remains as indispensable as ever. In fact, it becomes even more indispensable, as enterprise becomes more complicated. In an orchestral concert there must be a conductor who gives the time and somebody must choose the tune. But the conductor is not the proprietor of the orchestra and usually not even of the musical instruments.

* This will be found, tentatively worked out in elaborate detail, in *A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb. (Longmans: 12s. 6d. net.)

He is not in a different social class from the players, nor does he necessarily get a larger salary than the first violin. They are really all partners in a co-operative enterprise. Nevertheless, there is management, and, in a sense, autocracy, because the conductor's beat is law, and all the players recognise that it is only by obedience to the necessary direction that the co-operative product can be made. It seems to me that every business enterprise resembles an orchestral concert in which all the players must, for the time being, adjust their movements to the conductor's direction. That is a very appropriate picture of a factory, where, though neither private ownership nor the functionless shareholder is essential, we must have co-ordination and control.

I suggest to you that two things are going to solve the problem of industrial re-organisation. They are quite homely things, not new inventions; but we must apply them, as we have never yet thought of applying them, to industrial operations. In the first place, industry, as far as possible, should dispense with peremptory orders. In a choral society there is a great deal of give and take, of consultation and mutual arrangement. This should be the case in industry, where far more must be done by way of consultation among all the parties concerned. But I come back to my old Major-General, who said "I cannot make an army in that way," and I am quite prepared to hear employers tell me "We cannot run a factory in that way." My retort is the same: "If you cannot, perhaps somebody else can, and even run it better, for aught you know."

CO-OPERATION IN MANAGEMENT.

At present, the workers have only the vaguest idea of what the management or direction of an enterprise really is. They are not yet competent to undertake it, because they do not know what is involved. Nevertheless, as regards intellectual and moral competence, they compare quite favourably with the ordinary run of directors of companies, from whom we do not expect much as a rule. Yet, we consult our directors, or we do them the courtesy of seeming to consult them. Let us make a point of consulting the workmen—they will teach us something, perhaps more than we imagine. Consultation, in a business, means many things—such as Works Committees and the admission of representative workers to the Board of Directors. Those enterprises which have tremblingly put one or two workmen on their Board of Management have never regretted the step; indeed, they only regret not having taken it before.

When I was responsible for a good deal of education in London, I said: "We are going to take all the teachers into counsel, and they shall as far as practicable sit on the Board." Perhaps that policy did not alter the steering to any great extent, but it enabled the ship to go with much greater smoothness. What this means, however, is that personal autocracy must go. I was told of a big firm at Birkenhead which suddenly announced a change in the workmen's dinner hour. There was a strike immediately, which cost the firm a lot of money.

Now, very likely the proposed change was wise, but it affected the men's households and all their domestic arrangements, and to introduce it autocratically, without consulting them, was an insane proceeding. Personal autocracy has been banished from the throne, the castle, and the altar. I do not think that it is going to survive in the farm, or the mine, or the factory. It may be necessary in dealing with horses, but not in dealing with men who are advancing rapidly in education and common sense. It must be superseded by a genuine democracy, which is quite compatible with the fact that the conductor gives the beat and chooses the tune. The employer must recognise that he is the servant of all, like the conductor in the orchestra. Where will the authority go? When I was on the London County Council, we of the Progressive Party took ourselves very seriously. We were democratic in spirit, and we thought we governed London. We certainly interfered a good deal; and out of our deep wisdom we decided to build a new bridge over the Thames. But we could proceed no further without calling in an engineer. He produced plans, and we had to accept them—there was nothing else for it. We found we could discuss little more than the colour the bridge was to be painted. Even on that point we consulted the artists, but they failed us, because they all advised different colours! So, finally, that decision was really left in our own hands. After all, in nearly every case, in the last resort, it is the facts that decide, and they can be interpreted only by the men who know the facts. There should be no more personal autocracy in industry than there was in the case of the bridge. It will be the facts that will decide, as interpreted by the common sense of all. But that would mean great changes in our industrial system; and not before it is time! Personally, to-day, I am amazed at the extraordinary inefficiency with which the productive work of this country and every other country is carried on. Think of our engineering shops at this moment. Think of the very best shops in the industry and the shortcomings existing even there—and then think of the chaotic conditions of the worst of them.

Industry will be transformed by two new principles, Measurement and Publicity. We shall have enormously more exact scientific measurement. Remember the ordinary foreman to-day, and his notions about a job. How very little exact measurement there is, either of the time it should take, the time it actually does take, or the time each part takes. But that is not the only sphere of measurement. The whole of costing is dependent on it. The majority of employers in this country do not even know what their own goods are costing, and we cannot have costing without exact measurement. As to the extent of the varied needs for their products; the degree to which what is made really satisfies the need; what is being done in other factories, in other industries and in other countries to increase the demand or to improve the product—on all this there is available as yet, even to the vigilant manufacturer, little more than the vaguest hearsay. You may think it unfair if I say that, in all these respects, the failure of Capitalism is egregious. It may have brought science into its mechanical processes, but it has certainly not done so in its business

organisation. It is apparently to be left to Socialism to apply science to the organisation of production and distribution, industry by industry, from the standpoint of supplying, to the uttermost, the consumers' needs.

The second essential is publicity. That may seem a hard saying to some, because so frequently it seems as if secrecy were the soul of successful business. But this is only tantamount to saying that, to-day, the soul of business is perverted. There is no reason, however, why it should continue to be so. I imagine that employers are afraid that a policy of frankness would militate against their profits. But, of course, the object of business is not profits at all, but output. I suppose there are still some people who think that the object of business is profits, but that is bad economics. The only object of business is production. It is for the sake of the utmost possible productivity that we want the industrial machine to act with the utmost smoothness, and when an employer gauges his industrial success by the amount of profits he makes, he reminds me of a man who measures the perfection of his car by the amount of lubricating oil required to keep it running. There is no advantage whatever, but actual waste, in using more lubricating oil than need be. Equally, there is no advantage to the community at all, but actual injury, in any profit being more than the bare minimum that is required to keep the machine going. In future, we shall judge a business by its efficiency in production. We do not estimate the achievements of a doctor by the amount of his fees, but by the extent of his cures. Similarly, the business man will be judged by his efficient fulfilment of his function of production, and not by his profits, which are merely the lubricating oil allowed him at present but which in the interests of efficiency must be reduced to a minimum.

My vision of the function of management in industry in the years to come is a very exalted one. But this management, far from being autocratic, will be dependent very largely on the reports of disinterested experts. Of course, there will still be emergency decisions, but management on its higher level will probably come to be more and more a competent weighing of expert evidence involving both measurement and publicity. Think, for instance, what it would mean to a particular factory to receive a report from an efficient outside costing expert, and to find out exactly what each component and every process was costing in comparison with what it cost in previous years, and with its cost in other factories in this country and elsewhere. Similarly, comparative statistics will show the management how each separate part of the concern is running in relation to other parts, and how it compares with all the other factories in the world. Other reports would keep the factory up to date, in matters of health and education, and would make it acquainted with the latest inventions, in its own industry, and in analogous industries. What we need in industry, as in science, is to universalise knowledge, and to disseminate it with the very minimum of delay. At present every employer works in the dark; and the worst of it is that he is so thoroughly accustomed to the darkness, like the blind fish in the pools of the Styrian eaves, that he does not realise

that he is in the dark! He declares that the darkness in which he gropes is the only sun-light!

My belief is that in the future the efficiency of production will increase very greatly, simply through industry being carried on under the glare of a group of searchlights, playing on every process from many different angles. As for the operators who manipulate the searchlights, they will not be dependent on the goodwill of the factory under observation. Their function will be fulfilled when they have given their advice. The sphere of the brain-working professional will be a great one.

The actual decisions will be arrived at in committees. Those people who say that industry cannot be managed by committees are evidently unaware that this is precisely how nearly all our present industry is managed. Why, even of Boards of Directors there are, to-day, in the United Kingdom, more than 66,000. The extent to which every large business is already managed by committees would astonish the village blacksmith if any such person happens to survive. We shall have more and more of this government. Committees are fruitful both in suggestion and criticism, and the representation of the workers upon them will be of tremendous value. But their main function is to bury personal autocracy.

To sum up, I began by putting before you my conception of what is at the bottom of the new spirit in industry. It is the demand of the workman for a partnership in the direction and management of the business in which he is engaged: partnership not with the functionless shareholder, or even in profit, but with the technicians and managers of all grades, with the community as owner. This change must come, and it is coming, and we must find out a way of introducing it successfully without upsetting the machine.

Secondly, I have suggested that production must be facilitated, not by secrecy, but by the widest possible knowledge of every relevant fact. Such knowledge will involve both scientific management and publicity, and the latter will very largely result from the use of the reports of professional experts, on whose services all great business is relying to an ever-increasing extent.

Thirdly, it is just this transformation of business by Measurement and Publicity that will enable business men to become professional men and gentlemen, instead of mere shopkeepers.

Finally, it is by the combination of the conception of partnership among all those concerned in each enterprise, and the conception of the function of industry—to produce not profits, but products—with the devices of measurement and publicity coupled with an early elimination of all mere “passengers” in the industrial ship, who now actually pride themselves, as landlords or functionless shareholders, on “living by owning” and of committee government upon a universalised knowledge of the facts as to the industry as a whole, that we can safely make the transition from Industrial Autocracy to Industrial Democracy, which alone will allay Labour Unrest.

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